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U.S. RAILROAD RETIREMENT BOARD

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### **The Importance of a Current Connection for Railroad Retirement Benefits**

Under the Railroad Retirement Act, a “current connection with the railroad industry” is one of the eligibility requirements for occupational disability annuities and supplemental annuities, and is one of the criteria for determining whether the Railroad Retirement Board or the Social Security Administration has jurisdiction over the payment of monthly benefits to survivors of a railroad employee.

The following questions and answers describe the current connection requirement and the ways the requirement can be met.

#### **1. How is a current connection determined under the Railroad Retirement Act?**

To meet the current connection requirement, an employee must generally have been credited with railroad service in at least 12 months of the 30 months immediately preceding the month his or her railroad retirement annuity begins. If the employee died before retirement, railroad service in at least 12 months in the 30 months before death will meet the current connection requirement for the purpose of paying survivor benefits.

However, if an employee does not qualify on this basis, but has 12 months’ service in an earlier 30-month period, he or she may still meet the current connection requirement. This alternative generally applies if the employee did not have any regular employment outside the railroad industry in the period between the end of the last 30-month period including 12 months of railroad service and the month the annuity begins, or the month of death if earlier.

A current connection established at the time the railroad retirement annuity begins is permanent. The employee never loses it no matter what kind of work is performed thereafter.

#### **2. Can nonrailroad work before retirement break a former railroad employee’s current connection?**

Full or part-time work for a nonrailroad employer in an interim between the end of the last 30-month period including 12 months of railroad service and the beginning date of an employee’s annuity, or the date of death if earlier, can break a current connection.

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Self-employment in an unincorporated business will not break a current connection. However, if the business is incorporated, compensated service will break a current connection.

Federal employment with the Department of Transportation, the National Transportation Safety Board, the National Mediation Board, the Surface Transportation Board or the Railroad Retirement Board will not break a current connection. Also, neither State employment with the Alaska Railroad, so long as that railroad remains an entity of the State of Alaska, nor non-creditable Canadian railroad service will break a current connection.

**3. Are there any exceptions to these normal procedures for determining a current connection?**

A current connection can be maintained for purposes of supplemental and survivor annuities if the employee completed 25 years of railroad service, was involuntarily terminated without fault from the railroad industry, and did not thereafter decline an offer to return to work in the same class or craft as his or her most recent railroad service, regardless of the location of the work offered.

If all of these requirements are met, an employee's current connection may not be broken, even if the employee works in regular nonrailroad employment after the 30-month period and before retirement or death. This exception to the normal current connection requirement became effective October 1, 1981, but only for employees still living on that date who left the rail industry on or after October 1, 1975, or who were on leave of absence, on furlough, or absent due to injury on October 1, 1975.

**4. Would the acceptance of a buy-out have any effect on determining whether an employee could maintain a current connection under this exception provision?**

In cases where an employee has no option to remain in the service of his or her employer, the termination of the employment is considered involuntary, regardless of whether the employee does or does not receive a buy-out.

However, an employee who chooses a buy-out instead of keeping his or her seniority rights to railroad employment in his or her last class or craft would, for railroad retirement purposes, generally be considered to have voluntarily terminated railroad service, and consequently would not maintain a current connection under the exception provision.

**5. An employee with 25 years of service is offered a buy-out with the option of either taking payment in a single lump sum or of receiving monthly payments until retirement age. Could the method of payment affect the employee's current connection under the exception provision?**

If the employee had the choice to remain in employer service and voluntarily relinquished job rights to accept the payments, his or her current connection would not be maintained under the

exception provision, regardless of which payment option is chosen. Therefore, nonrailroad work after the 30-month period and before retirement or death could break the employee's current connection. Such an employee could only meet the current connection requirement under the normal procedures.

An employee considering accepting a buy-out should also be aware that if he or she relinquishes job rights to accept the buy-out, the compensation cannot be used to credit additional service months beyond the month in which the employee severed his or her employment relation, regardless of whether payment is made in a lump sum or on a periodic basis.

**6. What if the buy-out agreement allows the employee to retain job rights and receive monthly payments until retirement age?**

The Board considers the buy-out a dismissal allowance if the employee retains job rights and receives monthly payments credited to the months for which they are allocated under the dismissal allowance agreement. This is true even if the employee later relinquishes job rights after the end of the period for which a monthly dismissal allowance was paid.

If the payments continued until retirement age, this could extend the employee's rail service until that time and thereby also maintain his or her current connection, regardless of years of service.

**7. Could the exception provision apply in cases where an employee has 25 years of railroad retirement coverage and a company reorganization results in the employee's job being placed under social security coverage?**

The exception provision has been considered applicable by the Board in cases where a 25-year employee's job changed from railroad retirement coverage to social security coverage and the employee had, in effect, no choice available to remain in railroad retirement covered service. Such 25-year employees have been deemed to have a current connection for purposes of supplemental and survivor annuities.

**8. Where can a person get more specific information on the current connection requirement?**

Railroaders and former employees can contact the nearest field office of the Railroad Retirement Board for information on how their eligibility for benefits is affected by this requirement.

Persons can find the address and phone number of the Board office serving their area by calling the automated toll-free RRB Help Line at 1-800-808-0772 or by checking the Board's Web site at [www.rrb.gov](http://www.rrb.gov). Most Board field offices are open to the public from 9:00 a.m. to 3:30 p.m., Monday through Friday, except on Federal holidays.